Estimates of maturing foreign investments

@3947. SHRI ASHOK MITRA : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that official estimates of sector-wise and industry-wise distribution of approvals pertaining to direct foreign investment are available, while no such estimates are available in regard to foreign investments actually maturing;

(b) if so, the reasons for this discrepancy in the maintenance of basic information; and

(c) whether Government are taking any measures for informing the public giving the industry-wise details of actual foreign investments?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SMT. KRISHNA SAHI) : (a) to (c) Approvals for foreign direct investment issued are available sector-wise/industry-wise. The RBI have informed that while they have industry-wise break-up of actual inflow of foreign direct investment in respect of approvals issued by them under automatic norms, they do not maintain industry-wise break-up of actual inflow of foreign direct investment in respect of approvals issued by the Government. The RBI have recently been requested to work out necessary mechanism so that industry-wise break-up of actual inflow of foreign direct investment is available from them in respect of approvals issued by the Government as well.

Constraints in working of SSI units

3948. SHRI KRISHAN LAL SHARMA : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that the main constraints in the proper working of small scale units are the lack of availability of adequate credit, inadequate marketing facilities and liberalisation ; and

(b) if so, the details of the steps Government have taken or propose to take to put small scale industrial units on sound footing?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM) : (a) and (b) Government are aware that small scale industries have not been getting its due share in the institutional finance particularly for its working capital requirements. According to the Nayak Committee which examined the credit requirements of small scale sector, the SSI Sector got only 8.1 per cent (as against 20% of its normative requirement) of its output as working capital from the banking system.

In the area of credit, Reserve Bank of India vide its circulars dated 17th April, 1993 and 3rd July, 1993 have announced a special package of measures to ensure adequate and timely credit to small scale sector, the salient feature of which, inter-alia, include.

Henceforth, village, tiny industries and other SSI units having aggregate fund based working capital credit limits upto Rupees One crore from the banking system may be provided working capital limits computed on the basis of a minimum of 20% of their projected annual turnover for new as well as existing units.

Marketing is basically an entrepreneurial function. However, with a view to providing marketing support to the small scale units 409 items continue to be reserve for exclusive purchase from them. In addition, SSI units registered with NSIC under Single Point Registration Scheme are provided various facilities such as tender sets (free of cost), exemption from payment of earnest money, waiver of security deposit, price preference (on merits).

Government has also constantly been reviewing the impact of liberalisation and is of the view that this will help this sector to grow at faster rate. Government, however, is also aware of the apprehensions expressed from various quarters on the adverse impact of liberalisation. With this end, in view, the policy of reservation is being continued, fiscal concessions have been enhanced and to make SSI units more competitive, Government is providing support for modernisation, assistance for quality upgradation, etc.

Production in SSI units

3949. SHRI KRISHAN LAL SHARMA : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that overheads in a SSI unit are low and the cost of their products are cheap ;

(b) whether it is also a fact that customers are wary in placing big orders of exports with SSI units; and

(c) if so, what steps Government propose to take to remove this bias against SSI units?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM) : (a) Yes, Sir. It is a fact that generally overheads in SSI units are low which enables them to supply at economical rates.

(b) No, Sir. Customers place orders depending on their assessment of supplier, particularly with reference to quality, prices and timely deliveries.

(c) The Government is providing assistance to S.S.I. units for improving quality of their products.

@Previously Unstarred Question No. 2638 transferred from 15th March, 1994.